

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF LYNETTE) APPEAL NO. 07-A-2735
THUESON from the decision of the Board of) FINAL DECISION
Equalization of Boise County for tax year 2007.) AND ORDER

VACANT LAND APPEAL

THIS MATTER came for hearing on December 14, 2007, in Idaho City, Idaho before Presiding Officer Steve Wallace. Board Members Lyle R. Cobbs, Linda S. Pike and David E. Kinghorn participated in this decision. Appellant Lynette Thueson appeared. Appraiser Jason Rowe and Assessor Brent Adamson appeared for Respondent Boise County. This appeal is taken from a decision of the Boise County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. RP054020000030A.

The issue on appeal is the market value of a residential lot.

The decision of the Boise County Board of Equalization is reversed.

FINDINGS OF FACT

The total assessed land value is \$61,700. Appellant requests the land value be reduced to \$50,000.

Subject is an unimproved 1.00 acre triangle-shaped residential lot located in the Pine Tree Ranch subdivision (the "subdivision") in Garden Valley, Idaho.

Appellant asserted subject's assessed value should mirror the market value of other one-acre lots which recently sold in the subdivision. Appellant provided data from three (3) bare land sales to establish subject's market value at \$50,000. Appellant contended subject was nearly identical to these three lots. The sales occurred between January and September 2006 and were located within the subdivision. The County rated two (2) of the one-acre lots "Good." The third lot received an "Average" rating from the County. All of the lots were 1.00 acre, or 43,560 square

feet. According to Appellant, “these were the only 1.00 acre lots sold in Pine Tree Ranch subdivision in 2006.” These lots all sold for \$50,000, or \$1.15 per square foot. For comparison, subject received an “Average” rating and was assessed at \$61,700, or \$1.42 per square foot. See Table 1 below:

Table 1. Appellant's Comparable Sales

Comparable Property	Closing/Assessed Date	County Rating	Total Amount	Total Acres	Total Square Feet	Amount Per Acre	Amount Per Sq. Ft.	% Variation from \$50,000 Per Acre
Comparable 1	Jan-06	GOOD	\$50,000	1.00	43,560	\$50,000	\$1.15	0%
Comparable 2	Sep-06	GOOD	\$50,000	1.00	43,560	\$50,000	\$1.15	0%
Comparable 3*	Aug-06	AVERAGE	\$50,000	1.00	43,560	\$50,000	\$1.15	0%
SUBJECT	Jan-07	AVERAGE	\$61,700	1.00	43,560	\$61,700	\$1.42	+ 23%

* Same property as Respondent's Comparable 1.

Appellant maintained subject should be assessed at “market value” as defined in Idaho

Code § 63-201(10):

"Market value" means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

The County rated Comparable 1 and Comparable 2 as “Good” and rated subject as “Average.” Appellant inferred from these ratings that the County deemed “Good” lots “better than” subject. As previously noted, Comparable 1 and Comparable 2 both sold for \$50,000 during 2006, while subject was assessed at \$61,700 for 2007. Comparable 3 also sold for \$50,000 and had the same “Average” rating as subject. Appellant maintained the County’s ratings were largely irrelevant where actual sale prices for other one-acre lots in the subdivision were identical.

Appellant reasoned that “when you have the exact same lots, [with] the exact same size, [and they] sold three times in a nine-month period, [then subject] should be assessed exactly the same at \$50,000.”

Appellant also presented sales data for all “Good” and “Average” lots that sold in the subdivision during 2006. The data included Appellant’s and Respondent’s comparable sales. Six (6) “Average” lots sold in the subdivision during 2006. Five (5) of these lots were less than 2.29 acres. One (1) lot was 35.84 acres. Sale prices for the six (6) smaller lots were between \$50,000 and \$88,000, or \$0.53 to \$1.35 per square foot. The 35.84 acre lot sold for to \$265,000, or \$0.17 per square foot. The median “Average” sale was \$1.00 per square foot, which was 29% less than subject’s assessed value per square foot. See Table 2 below:

Table 2. “Average” Lots Sold in Subdivision During 2006

Sale In Subdivision	Closing/Assessed Date	County Rating	Total Amount	Total Acres	Total Square Feet	Amount Per Acre	Amount Per Sq. Ft.	% Variation from \$50,000 Per Acre
Sale 6	Aug-06	AVERAGE	\$75,000	2.00	87,120	\$37,500	\$0.86	- 25%
Sale 7*	Aug-06	AVERAGE	\$50,000	1.00	43,560	\$50,000	\$1.15	0%
Sale 8	May-06	AVERAGE	\$68,000	1.18	51,401	\$57,627	\$1.32	+ 15%
Sale 9	Jul-06	AVERAGE	\$88,000	1.50	65,340	\$58,667	\$1.35	+ 17%
Sale 10	Sep-06	AVERAGE	\$53,000	2.29	99,752	\$23,144	\$0.53	- 54%
Sale 11	May-06	AVERAGE	\$265,000	35.84	1,561,190	\$7,394	\$0.17	- 85%
MEDIAN	--	--	\$71,500	1.75	76,230	\$43,750	\$1.00	- 13%
SUBJECT	Jan-07	AVERAGE	\$61,700	1.00	43,560	\$61,700	\$1.42	+ 23%

* Used as a comparable sale by both parties.

Five (5) “Good” lots sold in the subdivision during 2006. These lots ranged from 1.00 to 5.32 acres. Sale prices were between \$50,000 and \$216,000, or \$0.91 to \$1.55 per square foot. The median “Good” sale was \$1.15 per square foot, which was 19% less than subject’s

assessed value per square foot. See Table 3 below:

Table 3. “Good” Lots Sold in Subdivision During 2006

Sale In Subdivision	Closing/Assessed Date	County Rating	Total Amount	Total Acres	Total Square Feet	Amount Per Acre	Amount Per Sq. Ft.	% Variation from \$50,000 Per Acre
Sale 1	Jan-06	GOOD	\$50,000	1.00	43,560	\$50,000	\$1.15	0%
Sale 2*	Jun-06	GOOD	\$90,000	1.33	57,935	\$67,669	\$1.55	+ 35%
Sale 3*	Aug-06	GOOD	\$212,000	5.32	231,739	\$39,850	\$0.91	- 20%
Sale 4*	Oct-06	GOOD	\$225,000	4.94	215,186	\$45,547	\$1.05	- 9%
Sale 5	Sep-06	GOOD	\$50,000	1.00	43,560	\$50,000	\$1.15	0%
MEDIAN	--	--	\$90,000	1.33	57,935	\$50,000	\$1.15	0%
SUBJECT	Jan-07	AVERAGE	\$61,700	1.00	43,560	\$61,700	\$1.42	+ 23%

* Not used as a comparable sale by either party.

Appellant claimed subject’s market value should be based on the three (3) one-acre sales in the subdivision during 2006. It was asserted the sales were “great evidence” of subjects’ market value and there was no need for the County to “find a formula” or rely upon “other land sales” to determine the assessed value of one-acre lots. Appellant further stated that assessing subject “23% higher” than the going market rate for one-acre lots in the subdivision was “not fair” and contrary to Idaho’s definition of “market value.”

Respondent provided sales data from six (6) “Average” lots to establish subject’s market value at \$61,700 (previously depicted in Table 2 above). The sales occurred between May and September 2006. The lots ranged from 1.00 to 35.84 acres (43,560 to 1,561,190 square feet). Sale prices were between \$50,000 and \$259,520, or \$0.17 to \$1.35 per square foot.

The County Assessor asserted the use of formulas was “necessary in a market value state” due to limited resources. It was also reported appraisers relied on “sales information,

market trends, and other market information” in order “to be fair and equitable to everyone in the County.” The Assessor acknowledged “the sale price of any one particular lot” could vary from assessed values.

The Assessor further stated:

[Idaho] requires [county assessors] to [assess] at market value . . . that requires us [to] use more than just sales data. The [appraisal] process is like a three-legged stool and sales data is one factor of market value. And if we could take one, two, or even three sales and simply apply that to every acre lot . . . my office would need considerable more manpower to accomplish this task. . . . the state mandates we use formulas and software models . . . so we can [appraise] more than one or two parcels per appraiser per fielding season.

The County considered various “environmental” factors when it rated each lot in the subdivision. These factors included, but were not limited to, “topography, view, [and] access.” In determining the subdivision’s grading scale, the County compared each lot to other “parcels in that neighborhood.” As a result, some lots were rated “better than most” while others were rated “worse than most.” Most lots, including subject, received an “Average” rating. The County asserted subject’s assessed value was based on the sales of other ‘Average’ lots in the subdivision. The “Average” rated sales were used to develop a land value schedule for all lots in the subdivision. A curve-fitter program was used.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following:

Idaho Code provides that “All property within the jurisdiction of this state, not expressly

exempted, is subject to appraisal, assessment and property taxation.” I.C. § 63-203.

Idaho Code further directs that “rules promulgated by the State Tax Commission shall require each assessor to find market value for assessment purposes of all property.” I.C. § 63-208(1).

For taxation purposes, Idaho requires that property be valued at market value. I.C. § 63-201(10). The Idaho Administrative Code defines market value as “the most probable amount” for which a property would exchange hands. This “most probable amount” is arrived at when a transaction (or multiple transactions) satisfies certain statutory elements of a market exchange: First, the seller must be “knowledgeable and willing” and acting “under no compulsion to sell.” Second, the buyer must be “informed” and “capable” and acting “under no compulsion to buy.” Third, the market exposure must allow “a reasonable time” to consummate the sale. Fourth, the buyer must substantiate the exchange “by a reasonable down or full cash payment.” IDAPA 35.01.03.217.01, see also I.C. § 63-201(10).

Respondent’s overall valuation approach for the subdivision appeared reasonable. Arm’s-length sales of similar properties in the same subdivision are effective indicators of market value. In this instance, the 2006 sale prices of three (3) one-acre lots in the subdivision were the best evidence of subject’s market value on January 1, 2007. The Board notes two (2) of the lots were rated better than subject, yet all sold for \$50,000. The sales were most similar to subject and conformed with Idaho’s definition of market value. The Board finds Appellant’s claim for relief is supported by a preponderance of the evidence. The decision of the Boise County Board of Equalization will be reversed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Boise County Board of Equalization concerning the subject parcel be, and the same hereby is, reversed lowering the assessed value to \$50,000.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED January 31, 2008